

Message Text

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TO AMEMBASSY BONN

C O N F I D E N T I A L STATE 090705

E.O. 11652: GDS

TAGS: US, UG, AEMR, CASC

SUBJECT: CONGRESSIONAL HEARING ON UGANDA

REF: STATE 047539 AND PREVIOUS

1. ON APRIL 6, THE THREE SUBCOMMITTEES OF THE HOUSE INTERNATIONAL RELATIONS COMMITTEE, I.E. AFRICA, ECONOMIC POLICY AND TRADE, AND INTERNATIONAL ORGANIZATIONS, CONDUCTED FIFTH SESSION OF HEARINGS ON U.S. TRADE WITH UGANDA. TWELVE WITNESSES APPEARED REPRESENTING U.S. FIRMS INVOLVED IN ECONOMIC ACTIVITIES WITH UGANDA. TESTIFYING IN THREE PANELS (COFFEE, GENERAL TRADE INCLUDING AIRCRAFT, AND AIRCRAFT OPERATIONS AND MAINTENANCE), THE COMPANY REPRESENTATIVES RESPONDED TO THREE GENERAL QUESTIONS: A) THE EXTENT OF THEIR ECONOMIC ACTIVITY WITH UGANDA, B) THE IMPACT OF A TERMINATION OF SUCH ACTIVITY
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ON THEIR FIRMS AND THE U.S. ECONOMY AND C) AN ASSESSMENT OF THE SITUATION IN UGANDA. PRIOR TO TESTIMONY BY BUSINESS WITNESSES, COMMITTEE HEARD STATEMENT BY SENATOR MARK HATFIELD, WHO IS CO-SPONSOR WITH SENATOR LOWELL WEIKER OF BOYCOTT BILLS INTRODUCED IN SENATE AND WHOSE TESTIMONY STRONGLY SUPPORTED BOYCOTT PROPOSALS.

2. MOST BUSINESS WITNESSES TOOK POSITION THAT REGULATION

OF TRADE WITH UGANDA WAS FOR GOVERNMENT, NOT FIRMS TO DECIDE. MOST STATED THAT THE TERMINATION OF THEIR TRADE WITH UGANDA WOULD HAVE NO SIGNIFICANT IMPACT EITHER ON THEIR FIRM OR ON THE U.S. ECONOMY. THE REPRESENTATIVES OF THE COFFEE COMPANIES (GENERAL FOODS, NESTLES, FOLGER AND HILLS BROTHERS) NOTED, HOWEVER, THAT SEEKING ALTERNATIVE SOURCES FOR UGANDAN ROBUSTA MIGHT ENTAIL A PRICE INCREASE TO AMERICAN CONSUMERS IN THE RANGE OF 5 TO 10 CENTS PER POUND. THE REPRESENTATIVE OF HARRIS TELECOMMUNICATIONS CLAIMED THAT TERMINATION OF THEIR ACTIVITY IN UGANDA MIGHT UNDERMINE THE REPUTATION OF U.S. FIRMS TO PERFORM ON SIMILAR CONTRACTS IN OTHER AFRICAN NATIONS. REPRESENTATIVE OF LOCKHEED WAS ONLY WITNESS TO STATE THAT HIS FIRM REFUSES TO HAVE DIRECT BUSINESS CONTACT WITH UGANDA DUE TO HUMAN RIGHTS CONSIDERATIONS.

3. THE PAGE GULFSTREAM CORP. WITNESS ANNOUNCED AT THE HEARING THAT PAGE HAS DECIDED TO TERMINATE ALL ITS ACTIVITY IN UGANDA (AIRCRAFT OPERATION AND MAINTENANCE). WITNESS STATED NO REASON FOR THIS DECISION. THE WITNESS NOTED THAT PAGE IS CONCERNED ABOUT THE POSSIBLE EFFECT ON THE SAFETY OF PAGE PERSONNEL IN UGANDA OF THIS ANNOUNCEMENT.

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4. THE SESSION DID NOT RESULT IN ANY SPECIFIC CONCLUSION, BUT RATHER AFFORDED THE U.S. FIRMS AN OPPORTUNITY TO BE HEARD ON THE IMPACT OF THE LEGISLATION ON THEIR ACTIVITIES. THERE ARE NO CLEAR INDICATIONS WHAT THE NEXT STEP WILL BE ON THE PEASE BILLS. THE DEPARTMENT HAS TAKEN POSITION IN INFORMAL CONVERSATIONS WITH REP. PEASE AND OTHERS IN CONGRESS THAT THE THREAT OF ENACTMENT OF THIS LEGISLATION APPEARS TO BE HAVING MORE SIGNIFICANT MODERATING EFFECT ON AMIN'S ATTITUDES THAN WOULD PASSAGE OF THE BILLS. PAGE WITNESS NOTED THAT AMIN IS WELL INFORMED ON THE PROGRESS OF THIS LEGISLATION AND REACTS RAPIDLY TO STATEMENTS MADE IN THE U.S. ABOUT THE SITUATION IN UGANDA. UGANDA EMBASSY REPRESENTATIVES AGAIN ATTENDED THIS SESSION.

5. REQUEST BONN SHARE THE FOREGOING WITH THE FRG FOREIGN OFFICE AND EMBASSY IN KAMPALA. VANCE

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